U.B.C. Planning Papers

School of Community and Regional Planning

University of British Columbia
Vancouver, British Columbia

91-04789/

ISSN: 0828-2412

The Meaning of Community Economic Development

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DP #25
February 1991

UBC PLANNING PAPERS
Discussion Paper #25

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Introduction

In North America, community economic development took on the attributes of a movement during and after the economic recession of 1981-2. Interest in CED reflected disenchantment with the welfare state's ability to maintain full employment, provide social and municipal services, stabilise the markets, ensure growth in real wages, and balance growth among regions. Despite improved market conditions since 1982, standards of living for many people have declined, and there has been increasing awareness of fiscal crises, ecological constraints, and the impacts of international economic integration. To many, CED appears to be the only alternative to a materialistic *sauve qui peut* on the one hand, and dependency on an increasingly unreliable welfare state on the other.

Whether CED is practised in hinterland resource towns, urban ghettos, obsolescent manufacturing cities, or Native communities, the general objective is the same: to take some measure of control of the local economy back from the markets and the state.

Within this common objective, CED practice is variously oriented to controlling the local economy for narrow ends (increasing the capacity of a community to make money), for broader purposes (e.g., to increase economic stability and control of resources) or to serve fundamental goals of economic justice. That is to say, CED approaches vary according to whether "economic", "development", or "community" is emphasized. We label these three approaches "growth promotion," "structural change," and "communalization."

In this paper we analyze these three approaches to CED, emphasizing their differences with respect to the conceptualization of economy and community, the development goals and strategies posited, and the implications for institution-building and the planner's role.[1]

[1] Williams (1987) and Dauncey (1988) provide alternative typologies of CED approaches. Williams perceptively discerns two potentially conflicting approaches emerging. The first is based on widespread citizen participation and attempts to blend economics with broader social issues. In this view CED is "necessarily seen as an integrated set of activities which address social, environmental and cultural issues as well as economic ones." Examples he gives of this approach are Sydney's New Dawn Enterprises, Halifax's Human Resources Development Agency, Toronto's Learning Enrichment Foundation and Nanaimo's Community Employment Services. In contrast to this "holistic" approach to CED is what Williams terms the "business school" approach, which sees CED as essentially economic expansion writ small. It sets increased employment as *the* CED goal and entrepreneurship as *the* strategy. Williams sees this approach as on its way to becoming institutionalised in Canadian government programs such as Community Futures, Innovations, and the Native Economic Development Program, and likely to emerge the clear winner over the holistic approach because it is more understandable and attractive to those who control start-up funds.

Dauncey presents a more detailed typology. He identifies seven models of economic development: top-down macro-economic management, smokestack chasing, local economic development, community economic development, sustainable development, organisational transformation, and planetary transformation. His second and third models are what we call the growth promotion approach to CED. His fourth and fifth are similar to what we call the structural change approach. His final models parallel our communalisation approach.

While, as will be discussed, the very conceptions of "community," "economy,"and "development," vary among the three different approaches to CED, it is necessary to begin with our own general definitions of each term in order to indicate the scope of this paper. The definitions we present below reflect common usage. They are broad enough to cover each of the three CED approaches, but specific enough to differentiate CED from other forms of human activity.

Our own overarching definition of community is: a group of people who know each other personally and who plan together over time for their long-term common betterment. It is a definition that includes geographically defined communities as well as communities based on common interests. The definition focusses on member involvement as the essential characteristic of community. It implies that a locality is not a community if people there are not interacting for a common purpose, and that an interest group is not a community if members merely pay fees, donate money, sign petitions, or attend common events such as conferences, classes or sporting events.[2]

The definition rules out whole cities, but permits neighbourhoods and towns up to a population of, say, five thousand.[3] Similarly, it rules out large inter-

[2]For many writers on community development, community means a particular political jurisdiction, typically a small municipality. To others, the core of the concept of community is shared geographic space. For example, Lauderdale and Peterson [1971, p.17] see community as "a set of people, all of whom reside in a common, geographical area ...[who] have some degree of contact with each other through such mediums as marketing centers and transportation systems and are linked by at least some form of communication network, such as a telephone exchange...[which] can vary in size from a few hundred persons to several thousand." For another group of writers, community is based on common interests other than territoriality. For example, to Biddle and Biddle (1965, p.77) "community is whatever sense of the local common good citizens can be helped to achieve," and should not be seen as rural hamlets, trade areas, neighborhoods, cities, etc. Many recent writers combine these definitions. Community to Wismer and Pell (1983, p.79) is defined "not only in 'locational' terms, but also [as]... a 'community of interests', or a group of people bound together by a common fate or destiny." From his reflections on community development, Campfens [1983, p.5] concludes that the community development "search" is for 'Small Community' types (either geographic such as an urban neighborhood and small village, or an interest group not necessarily bound by space or tied to a specific locality) that can be discovered, constructed, built, managed and controlled by each and everyone who wishes to be involved."

Lockhart's conception of community is particularly insightful. To him (1982 p.3), the community is conceptually positioned "at the nexus of two kinds of interconnectedness...One is social, the other spatial. Without a strongly rooted sense of social, relationships based on consensual values, one may be located within a 'settlement' but not experience community. Without a sharing of location, one may sense a connectedness with distant others, but lacking proximity, there is no basis for community." Lockhart develops indicators to measure the strength of a community's "social vitality," "economic viability," and "political efficacy," all of which, he says, are necessary for community health. Social vitality exists where people have reciprocal relationships of trust and share knowledge to solve problems. Economic viability is a function of the community's ability to control and develop its local economic resources. Political efficacy involves the mobilisation of power and its distribution throughout the community.

[3]A discussion of what various authors have had to say on the size limit and optimum size for effective community can be found in Sale (1980). Sale concludes that there are "two basic kinds of community that humans have apparently found the most useful and successful over

est groups whether these be labour unions, professional associations, business groups, or churches. It rules out corporations where neither workers nor consumers are involved in planning, but permits worker-owned firms and consumer co-ops. It rules out public interest groups and committees because planning for their common betterment is indirect or a secondary function. It rules out task forces and crisis-oriented groups.

Our general definition of an economy is: a system of human activity directed to meeting human wants through deliberate allocations of scarce resources including human time. This definition permits non-market activity to be included in the economy, but differentiates the economy from culture, religion, and spontaneous socializing because what is centrally at issue in these aspects of human life is not the deliberate allocations of resources. Determining whether to stand or kneel when we pray is not an economic issue. It is an issue over which is right, not which is more efficient or fair. However, determining whether we should build a church or a community hall *is* an economic issue if both are desired but only one can be built at a time.

Our general definition of development is: planned quantitative or qualitative change in a system. This definition permits both change based on positive feedback loops and change based on negative loops, as well changes in the scope of the variables being planned. It permits change to be planned by the system itself or by external agencies. In its generality, it signifies that "development" could refer to planned adaptation to environmental change, organized buffering of the system against undesirable environmental pressures, or the intentional creation of new system patterns.[4]

Our definition of development rules out spontaneous or random change as well as change confined to a sub-system. For example, growth of community income resulting from good luck or business persons' individual decisions is not considered to be community economic development in any of its forms.

Community *Economic* Development: the Growth Promotion Approach

Promotion of community economic growth is an an approach to CED which predates the term CED itself. It is in fact an approach that is as old as Canada itself and that reflects North America's competitive individualism.

Traditionally, growth has been espoused and promoted by chambers of commerce, unions, and politicians who have grasped at any opportunity to attract investment in order to increase the size of the local economy. This traditional,

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their many millenia as social creatures. One is the face-to-face community, or association group, with somewhere between 400 and 1,000 people and an optimum of perhaps 500...the other is the extended association, a wider alliance of some 5,000 to 10,000 people, usually hovering around the 5,000 figure." [Sale 1980, p.188]

[4]For an elaboration of these meanings of development in the context of community development, see Boothroyd (1991).

often haphazard, approach to growth promotion has been labelled by its detractors as "smokestack chasing." These days, growth promotion is an increasingly *planned* activity involving coordination of many local private and public actors and careful strategizing for the internal generation of growth as well as the attraction of outside investors.

The roots of growth promotion lie in small town boosterism, i.e., the planning of civic improvements and festivals to increase civic pride and local shopping and to bolster the town's "progressive" image in the eyes of governments and corporations who might invest in the town.[5]

Under the growth promotion approach to CED, the community is seen primarily as the locality in which economic activity takes place. Indeed, "local economic development" is seen as a synonym for CED. The goal of economic development is to promote growth in jobs, income, and business activity.[6]

As Malizia (1985, p.43) points out, this is the dominant perception of CED in the U.S.A.

> In the overwhelming number of U.S. communities, economic development is defined primarily as job creation (the generation of more work) with some regard for the stability of the existing employment base and secondarily tax-base enhancement with the related interest in the real estate development or redevelopment potentials of commercial and industrial areas.

Smokestack chasing

In the traditional form of growth promotion, the source of growth has been assumed to lie in the attraction to the locality of major employers (necessarily, exporters of goods or services). The industrial development to be attracted was typically a factory but could just as well be, say, a mine, a patch of oil wells, a railway, a tourist attraction, a prison, a college, or a government agency. Perry (1984) labels what is perhaps an extreme variant of the smokestack chasing approach as the "big-bang" path to development–"think big if you want to be

[5] For a discussion of the evolution of boosterism in western Canada and its influence on urban development, see Artibise (1982).

[6] Economic growth is generally quantified in terms of changes in a single unit of measurement. At the national level, growth is customarily measured in terms of gross national product or gross domestic product. These measures of the volume of economic activity were devised in the 1930s to facilitate national planning, particularly to prevent such failures of the market economy in the form of either depressions or hyper-inflation. Beginning in the 1960s, provincial governments in Canada began to construct gross domestic product accounts, realising the need for such indicators to guide their own increasingly sophisticated economic planning. Similar accounts have yet to be constructed for local economies. Where indicators of the local economy are used at all they are generally measures of employment, per capita income, or the tax base. In large part the absence of economic accounts is attributable to the lack of the data necessary for their construction. This lack of data in turn reflects the fact that most public officials have considered it not worth the effort, or not possible, to plan for the growth of local economies using such accounts.

healthy and grow." Attract the major corporation, seek government financing for a major expansion of physical infrastructure. It is indeed this kind of mentality that has led, particularly in Canada, to the encouragement of mega-projects as the critical underpinnings of economic growth (Knight 1990).

Under the smokestack chasing form of growth promotion, the role of the "planner" (i.e., business development officer or local politician) has been first to attract capital to the community by pointing out the advantages to the investor: profit for the entrepreneur, votes for the politician. Secondly, the promoter has sought to enhance the local advantage by inducing various levels of the public sector to augment and improve the local infrastructure and to initiate fiscal measures for the benefit of potential industrial investors.

The effort to attract new business into the community and to enlist the public sector in so doing has been generally non-selective. That is, attempts to induce new investment into the community have customarily been undertaken without a comprehensive strategy to maximize the net benefits of this investment for the community.

For most communities, the reliance on the attraction of major employers as a means for stimulating growth is likely to prove ineffective. The approach merely pits communities against each other in a competitive attempt to lure the economic equivalent of the knight in shining armour. It is an approach to community economic development which frequently tends to be

> based on accountants' ideas of what a good business climate would be: cheap land, cheap labour, low taxes, few environmental regulations and right-to-work laws. This was how you could lure some Korean automobile assembly plant to come and locate in your province and they'd come riding over the hill on a white horse and save you. [Henderson 1990]

In a game in which there are substantially more players than prizes, there are inevitably a sizeable number of losers. Most communities taking this approach have failed to produce significant levels of new employment.

When in the 1950s, prairie towns began to suffer the effects of farm consolidation and rural depopulation as a result of increasingly mechanized agriculture and improved highways, many initially responded by attempting to attract provincial government offices, manufacturing, irrigation investment, or tourism. A few succeeded thanks to good location in relation to mineral resources (e.g., Lloydminster), forests (e.g., Grande Prairie) or larger cities (e.g., Red Deer). Most prairie towns, however, have failed in their endeavors to induce significant external public and private sector investment. As single-industry communities, they have faced the same difficulties in attracting external capital as the coal towns of southeastern B.C. and Cape Breton, fishing communities on both coasts, forest industry towns, mining towns, and Indian bands reliant on fur trapping. Because of their size, single-industry communities are at a distinct

disadvantage in their efforts to attract external capital (Stelter and Artibise 1978).

Moreover, a number of communities that have succeeded in attracting new industries have found that these have not produced the net benefits expected (Perry 1989). Often, there have been offsetting losses to existing businesses. Some existing businesses have simply been replaced (e.g., downtown merchants by suburban shopping centres), others have found their costs (e.g., rents and wages) rising prohibitively, and still others have found their resource base destroyed by newcomers (e.g., trapping by mining).

At worst, the smokestack chasing promotion approach to CED has simply set into motion an

> international jet set of con artists, charlatans, and plain crooks who demand grants, incentives, and tax advantages to set up plants that employ workers at low wages. They move in, skim off the cream, then move on to another "disadvantaged" area. This approach to development has resulted in expensive fiascos right across Canada. [Lotz 1977, p.10.]

In sum, the smokestack chasing variant of the growth promotion approach is a highly questionable approach to CED. At present, and in the forseeable future, the overwhelming number of jobs are created in the economy by small business expansions and start-ups (Economic Council of Canada 1990b). To allocate the community's resources to an effort to compete with other communities in attracting a large corporate branch plant, a megaproject, or a government funded infrastructure expansion is often not cost effective.

Growth planning

With the economic instability of the late 1970s and 1980s, there has been a strengthening of interest in community growth promotion. Because of the recognized shortcomings of smokestack chasing, the growth promotion approach is becoming much more sophisticated. The emphasis now is on comprehensive ***planning*** for growth: involving all relevant actors, setting targets, surveying opportunities, and developing a wide range of strategies. Planning for community growth has itself become a growth industry for planning officials and consultants.

In addition to chasing outside investors/employers, planned growth strategies include increasing the productivity of existing firms and promoting the establishment of new firms by local entrepreneurs.

Questions of how firms structure themselves—whether as proprietorships, consortiums, shareholder-dominated or worker-owned corporations, co-ops, or community development corporations—or where they come from, are not important to CED planners. The question is how to help any firm that contributes to community economic growth. CED planning is oriented to such assistance.

Strategic assistance to firms may be provided by community institutions, various agencies of the state, educational institutions, or some combination of these in partnership. Most commonly, firms are assisted to increase community exports by increasing sales, expanding markets, developing new products, or making better use of resources. Import substitution, i.e., the replacement of imports with local production, is also pursued at times through "buy-local" campaigns (Davis 1989)—not to serve the goal of stability, but to further economic growth.

The larger the community, the more appropriate and effective are CED strategies, whether these are oriented to seeking investment, promoting exports, or replacing imports. They are arguably most appropriately applied in cities, though they are often attempted in towns and villages.

Public assistance to firms can take the form of loans and grants, training programs for entrepreneurs and employees, incubators which provide a pool of office equipment and and other facilities, provision of information on efficiency-producing technological innovations, marketing junkets, or infrastructure improvements. Indirectly, assistance can be given by increasing community attractiveness to shoppers, tourists, retirees, workers, and investors, through measures ranging from heritage preservation and installing street furniture, to improving health facilities, reducing pollution, and developing social services such as day care.[7]

While the growth promotion approach has become increasingly sophisticated in its planned form, it retains the basic flaw of the earlier smokestack chasing variant: communities potentially enter a zero-sum game. If they restrict themselves to generating new exports, they must compete with others for markets and investors on whom they become dependent. If they attempt import substitution, they compete for a fixed quantity of consumer dollars, mostly with other communities in the same region: opening a first bakery in one small town, for example, means less business for the existing bakery in the neighbouring town.

What does not happen under either variant of the growth promotion approach is any redefinition by the community of its relationship to the market, let alone any redefinition of the relationships among people in the community. It is these redefinitions, as we shall see, that differentiate the growth promotion approach to CED from the structural change and communalization approaches.

The growth promotion approach to CED, under either its traditional or modern variant, rests on four principal assumptions:

- The community economy is the totality of monetary transactions. Goods and services produced outside the monetized marketplace (e.g., by volunteers or through bartering) are not a part of the community economy. The production of non-marketed goods and services are not counted as contributions to growth, nor, therefore, to economic development.

[7] For recent illustrations of strategies embodying the growth promotion approach to CED, see Appendix. Blakely (1989) provides a textbook on this approach.

- The community is better off when employment is increasing. Increased employment means higher income, increased property values and an expanded tax base. Cultural, social or environmental costs of increased employment are secondary considerations.

- Increased employment is most effectively advanced by increasing the flow of money into the community. This is accomplished largely by increasing the level of exports,[8] and by attracting outside businesses into the community. The latter is best achieved through promotion of the community's favourable attributes of location, resources, and attitudes.

- The community's internal economy (i.e., the structure of relationships within the community, as opposed to its place in the wider economy) is best left to the market to determine. No agency can plan or guide the development of the community's economy as well as the invisible hand of the market. The benefits of increased employment will trickle down through the community: "a rising tide lifts all boats."

In the CED approach, the community is perceived as a corporation. This does not mean that the community is necessarily seen as synonymous with the municipal corporation, but that all elements of the community are to work together toward one goal: growth. At the most general level, the community's strategy is to become a more effective competitor for investment and markets in the larger economy. Other possible CED goals, such as stability, sustainability, independence, equity and quality of working life are virtually ignored.

Community Economic *Development*: the Structural Change Approach

The emergence a decade ago of the planned growth approach in response to the increasingly evident limitations of the smokestack chasing approach was paralleled by the simultaneous emergence of a fundamentally different approach to community economic development. While some practitioners responded to the limitations of simple investment-seeking by attempting to do a better job of planning and inducing growth through increasingly sophisticated techniques, others began to see a need to supplement or replace the goal of growth itself. The quality of the economy, rather than the quantity of growth, became the focus of the second major approach to CED.

In most parts of Canada, the origins of the structural change approach, like those of the growth promotion approach, can be traced back many decades. In the highly unstable period of pre-Keynesian capitalism, particularly in the first

[8] Proponents of this approach to community development identify academic support for their approach in the form of "economic base" theory. This theory, developed in the 1950s, asserts that a community's economic existence rests on its base of exports to the outside world. See, e.g., Davis (1990).

third of this century, many communities organized producer co-ops, consumer co-ops, and credit unions (in Quebec caisses populaires)–see, for example, Coady (1939). These were formed to foster community growth, but they were also seen as playing an important stabilizing role.

During the booming 1950s and 1960s, most co-ops either withered or consolidated into large mainstream businesses which were administered with little community involvement in decision-making (Melnyk 1985). With the important exception of the far northern producer and consumer co-ops, there were few new formations. It was universally assumed during the 1950s and 1960s that thanks to the newly developed Keynesian macro-economic management tools, economic prosperity would continue to grow steadily and indefinitely, if somewhat unevenly, throughout the country. In most communities, co-ops were seen as no longer necessary for ensuring either growth or stability, though their continuance was seen as useful in that they provided competition to what might otherwise be capitalist monopolies. Some people liked them as sources of regional pride or as mild alternatives to capitalism.

Besides being a period of sustained growth, the 1950s and 1960s also were a time when the ascendancy of welfare-state ideology changed the way people thought about the relationship between communities and the state.

Before the welfare state, it had been assumed by policy makers that migration was the appropriate individual response to economic decline of localities whose economic bases were mined out, made obsolete by new technologies, or bypassed by outside investors. Now the welfare state was able and willing to support people to stay in their communities, even if the local economic base had collapsed.[9] Supportive programs ranged from national unemployment insurance and agricultural subsidies to the designation and stimulation of new growth centres. Such top-down measures permitted some residential stability, but communities themselves were still not expected to plan their own economies. They were to be subject to the effects of technocratic planning and private investors' decisions. With the welfare state, the community became a place with survival rights instead of just a location for production, but it had ceased to be an agent of planning.

In the mid-1970s, the welfare state, began to suffer a fiscal crisis more severe than any since the Great Depression and greater than the Keynesians had predicted would be allowed to happen. By the early-1980s, the welfare state, itself in dire financial straits, was faced with the challenge of supporting not only ailing communities in chronically depressed regions but also communities that were suffering from collapses in the commodity markets for metals, grains, lumber, and fossil fuels, or from increasingly tough international competition in the manufacturing sectors. The consensus that supported the welfare state started to crack; assistance to individuals and communities began to be cur-

[9] In cases of perceived extreme hardship, communities were consolidated by the welfare state (as in Newfoundland) or relocated to what were claimed to be more hospitable environments (as in the case of some northern Indian and Inuit communities).

tailed. No longer could communities count on government bail-outs when the private sector failed them. Increasingly, they began to experience the costs of dependency.

> The high mobility of firms and the structure of absentee ownership exact a social toll. This is most visible to the public in periodic unemployment, but studies show other problems, including family instability and high rates of divorce, physical and mental illness, crime, delinquency, and drug addiction. The economic viability of local institutions, such as schools and churches, collapses when large plants relocate or businesses shut down on the basis of decisions made in distant headquarters. The local economy slowly disintegrates. [Bruyn 1987, p.4]

If current conditions were bad for many communities, future prospects looked even worse. The depletion and degrading of natural resource bases, and the innovations in telecommunications that allowed investment decisions to be taken more remotely and capital to be moved more quickly, foreshadowed even greater instability and decline.

Whereas until the 1950s people in communities at risk either organized or left for greener pastures, communities in the 1980s were accustomed to enjoying the stabilizing benefits of government bail-outs when the private sector failed them. As the desire for stability increased in the early 1980s, communities also started to realize that they must rely less on big government to help them achieve it. Communities have been forced to consider once again how they might rely on their own resources to improve their economic health.[10]

The options considered for becoming more self-reliant have varied from one community to the next. Most communities have focussed on options within the planned growth approach discussed above.

A few communities have begun to see growth itself as problematic, or at least as something other than the primary goal. These have focussed on options to increase economic stability in the immediate and long terms. Long term community stability has come to be seen as the social equivalent of the environmentalists' "sustainable development."

[10]The term community-based economic development (CBED) was thus born. CBED refers to a community-controlled (i.e., bottom-up) process and to development oriented to self-reliance (as opposed to smokestack chasing or reliance on government welfare). The CBED term was soon shortened to community economic development (CED). This shift in terminology has created some confusion. In the 1980s, CED became an alternative phrase for local economic development (LED) which had been coined in the late 1970s to describe bottom-up growth promotion. CED also became a term used by senior governments to describe their own top-down programs oriented to supporting bottom-up CED, usually of the growth promotion variety. Accordingly, CED is now a broad term which encompasses CBED, LED, and government-sponsored CED, as well as activities that in many countries have been called simply community development.

Strategic options that communities have developed for achieving stability and sustainability are of four types. All require the community to gain control over its economy. Severally, or in combination, the four types constitute *structural change*.

One type of structural change strategy is oriented to reducing dependence on external investment by increasing local ownership, e.g.: through employee buy-outs of existing firms in trouble; through the encouragement of local entrepreneurs; through the identification of smaller scale production possibilities (e.g., custom mills) which are created by technological change or unfilled market niches and which can be taken advantage of by local entrepreneurs; through the development of institutions such as credit unions to encourage the retention of savings in the community for community use (Eberle 1987); and, through the establishment of firms such as producer and consumer co-ops and community development corporations which are structured to remain rooted in the community regardless of decisions taken by individuals regarding the disposition of their own assets (MacLeod 1986).

A second type of local control strategy involving structural change reduces dependence on outside decision-makers by increasing local control over resource management. Good examples of this type of strategy are provided by the experiments in "co-management," such as along the West coasts of British Columbia and Washington, whereby the state enables communities to share some of the decision-making regarding the management of resources such as fish (Pinkerton 1989). Potentially, this decision-making could extend to habitat protection, harvest allocations, and regulation of harvesting methods for a variety of natural resources.

Because of their special status, Indian communities have been at the forefront in developing co-management approaches, but non-Native communities are also increasingly expressing interest in gaining more local control over resources. The development of nature conservancies, community land trusts, and co-op housing, all exemplify non-Native innovations in strengthening land tenure forms that protect the community interest.[11]

A third type of local control strategy reduces community dependence on traditional export markets. This is particularly important where the community's economy is heavily reliant on a single commodity. This type of strategy emphasizes structural change in the form of diversification of the local economy, i.e., a shift in the distribution of employment among the various classes of economic activities. Diversification could include creating a mix of exports and/or strengthening the local economy so as to reduce reliance on imports.

The fourth type of structural change promoting local control and therefore

[11] Community land trusts are democratically structured non-profit corporations that hold parcels of land for the collective benefit of the community (Gardner and Roseland 1989; Morehouse 1989) and have been more prevalent in America than Canada. The Canadian experience with democratic forms of land tenure has focussed more on cooperative housing (Hulchanski 1988).

stability involves strengthening the local non-cash economy (which in Canada is sometimes called the informal economy). Strengthening the non-cash economy reduces the impacts on the community of macro-economic business cycles which create alternating periods of high unemployment (therefore a dearth of money in the community) and high monetary inflation (therefore difficulty for those on fixed incomes). Examples of this type of structural change include the organizing of volunteers to lead children's groups and team sports, the establishment of community gardens, and the formation of as baby-sitting co-ops based on labour credits.

A particularly interesting way some communities (e.g., along Vancouver Island) have developed to strengthen their non-cash economy is in the institution of local money. In some cases, this has involved actually printing script—basing it, for example, on the cordwood rather than gold. In other, more technologically innovative cases, local "money" is actually computerized accounting entries of debits and credits. In British Columbia, these systems are often called local exchange trading systems, or LETS—see Davis and Davis (1987). The computerized exchanges substitute for, in whole or in part, trades based on cash. They thus permit multilateral exchange on market principles even when cash is in short supply.

The principal assumptions on which the structural change approach is based can be summarized as follows:

- The local economy extends beyond monetized marketplace transactions. It includes the largely locally controlled and relatively stable non-cash economy which makes a major contribution to well-being. Though the cash economy will remain primary so long as people seek the benefits of inter-regional trade and government services, there is significant potential in most communities for further development of the informal sector.[12]

- The primary purpose of community economic development is to increase stability in the short and long terms. Whether a community sees growth as a supplementary CED goal depends on the nature of its economy (whether there is full employment of human and natural resources), and its evaluation of its present size. If growth is sought, its nature in terms of smoothness, sustainability, and balance, should be of central concern.

- Monetary flows into and through the community should be stabilized through local ownership, local resource control, or diversification of exports. Emphasis should be placed on stimulating import replacement rather than on expanding exports. Attention should be paid to utilizing local resources in such a way as to increase cash and non-cash transactions among members of the community.

[12]The role of non-market activities in the local economy is extensively considered in Gershuny 1979; Nicholls and Dyson 1983; Ross and Usher 1986.

- The internal structure of the local economy should not be left to the uncontrolled consequences of market actions guided by the dictates of the principle of comparative economic advantage. CED should involve deliberate restructuring of the local economy by people who are part of that economy.

The structural change approach can be considered as emphasizing the word "development" in CED, i.e., development as opposed to "growth."[13] Economic growth is generally measured in terms of a single economic variable, such as employment, production, income or tax revenue. In contrast, the term "development" is often used by social scientists to denote a fuller, more complex process. The term applies particularly well to the efforts of structural change advocates who believe growth should not be bought at the price of substantial cyclical instability, industrial ownership that lacks community roots and concern for local welfare, or resource management practices that destroy and exhaust natural capital.

Community Economic Development: the Communalization Approach

The third approach to CED goes beyond concerns with economic growth and stability to considerations of wealth and income distribution. The emphasis is on developing an economy in such a way that *community* is strengthened. Community in this approach is defined not just as a location in which economic activity takes place or as a set of relationships that can be structured for maximum collective benefit, but as a social/emotional quality whereby people feel connected with each other, are concerned with each other's well-being, and gain satisfaction from cooperating. In a phrase, it is a quality that many Native people call "caring and sharing."

For advocates of *community* economic development, structural change is necessary but insufficient as a goal. A community can be stable and independent, but exploitative and lonely. The aim of those who emphasize the C in CED is to create more "just" or "fair" production and distribution functions. The emphasis in this approach to CED is shifted from growth and stability to equality.

Drawing on Friedmann's words, we can say that the challenge is to provide within the community universal access to

> knowledge and pertinent skills, social and political organisations, instruments of production (including access to good health), relevant information, social networks, and financial means. Improving

[13] A good example of the structural change approach to CED is provided by a recent major participatory economic development planning process in the Yukon (Boothroyd 1988; Decter and Kowall 1989). Through a number of local workshops at territorial conferences involving hundreds of representatives, the Yukon 2000 process achieved a consensus on the importance of several goals other than economic growth (e.g. stability, local control, and quality of life).

> a household's access to them will enhance its ability to pursue its own objectives in cooperation with others. In this view poverty is not simply a condition of low income. It is substantial inequality in access to the means for an autonomous life within the community. [Friedmann 1981, p.5]

We can also say it is a matter of effecting what Chekki (1979, p.10) terms "community self-determination;" i.e., "the initiation, planning and organization of services, programmes, and encounters designed at the community level and in which every member may, if he so desires, assume a meaningful role."

Some CED measures focus on eliminating marginalization and exploitation of particular groups within the community. In a small community, these might be people who traditionally have not been fully integrated into local society or who are living in an isolated part of the community. In any community they might be single mothers, people of a particular ethnic heritage, individuals with little formal education, or the physically disabled. Actions relevant to achieving their socio-economic integration into the community include work sharing, affirmative action, confronting discriminatory lending policies, and lifeskills training, as well as the older strategies of unionization and fighting unfair distributions of community services and development impacts.

Non-cash mutual aid practices of various kinds have traditionally acted to help weaker members of a community, to permit some division of labour (e.g., between hunters and berry-pickers), to gain efficiencies from joint production (e.g., house-raising bees), to accomplish tasks beyond the power of one family, and to make work more sociable and enjoyable. From a CED perspective, Indian communities are still stronger than others because most maintain to at least some degree the ethic of mutual aid (Gitksan-Wet'suwet'en 1989). In non-Native communities, "voluntarism" is an important surviving form of this ethic.

Another set of CED measures works toward making work more meaningful. These include encouraging worker (including volunteer worker) participation in decision-making, decentralization of decision-making, and worker-ownership.

Many of the strategies for communalization of the economy are the same as those employed to promote stability and independence, but the emphases within the strategies are different. For instance, co-ops can be organized not only to buffer the individual from the market but also to promote economic justice. Worker-owned cooperatives in particular are at times designed to attend to worker needs as well as market considerations in determining salary scales and working conditions (Melnyk 1985).[14] Consumer and producer coops may receive low-interest loans from locally formed credit unions.

[14]The Basque worker co-op complex centred on the town of Mondragon in Spain is a good example of a highly successful economic organisation that supports social goals of equality—income ratios of highest to lowest paid workers have been kept in the 3:1 to 4:1 range—as well as Basque cultural maintenance goals. See Whyte and Whyte (1988).

Community land trusts, housing cooperatives, and common productive assets such as fishing, gardens, and day-care centres can be structured to benefit those most in need. Community development corporations, as well, can be developed so as to contribute significantly to economic justice (MacLeod 1986). Because they are owned by the whole community, they potentially can be more communalistic than co-ops which serve only their own membership and often exclude the poorest people in the community.

The communalization approach has been typically adopted by people whose concern with social issues precedes their involvement in CED, just as the planned growth approach is typically adopted by people whose interest in growth precedes their interest in CED.[15] The communanlization approach is based on the following assumptions:

- The local economy encompasses market (monetary and non-monetary) transactions but includes as well production and distribution based on non-market principles of common ownership, sharing, voluntarism, and improving productive life even at the expense of efficiency. The distinction between the economy and the community is not clearly drawn. As in the case of the family, social and economic relationships are intertwined.

- The primary goal of community economic development is to create equality and strengthen the sense of community among all individual members. The aim is to develop mutual aid institutions in which production and consumption patterns are based on social rather than market principles.

- The workplace should be designed to promote not competition but cooperation. Economic entrepreneurship should evolve more from collectivism than individualism.

- All community members must be empowered to participate in decision-making processes that shape the community's economic future. Individuals should be actively encouraged to involve themselves in, and accept responsibility for, developing the various community institutions relating to economic development.

Wilson (1983) points to a number of barriers to the communalisation process that presently exist in our society. There is, for example, a high value placed on 'privacy' in our lives. For many individuals privacy displaces a sense of responsibility for and commitment to the public good. Social forces seem beyond individual control, causing people to focus on manageable personal goals.

> Having no hope of improving their lives in any ways that matter, people have convinced themselves that what matters is psychic improvement; getting in touch with feelings; eating health foods; taking

[15] A CED approach with some similarities to the Western world's communalisation approach, but with a greater emphasis on the spiritual value of work and on the reduction of consumption, is promoted by Buddhists (Schumacher 1973; Pongphit 1986, 1989; Puntasen 1989).

> lessons in ballet or bellydancing; immersing themselves in the wisdom of the east; jogging; learning how to 'relate'; overcoming the fear of pleasure...To live for the moment is the prevailing passion—to live for yourself, not for your predecessors or posterity. [Lasch 1979, p.4–5]

Reinforcing this retreat into private lives is a widespread and expanding cynicism regarding politicians and the political process. A belief in an individual's ability to shape or influence social forces through the political process is labelled as naive by increasing numbers of people. A concerted effort toward generating change in society is largely deemed to be a waste of one's time. Life itself becomes a "refuge from an anonymous, faceless society. Since it is believed that humans can't change anything, people create a sanctuary where they can at least be comfortable by themselves." [Wilson 1983, p.20] CED is directed to the reduction of this form of social alienation. It does so by attempting to combine social development and economic development.

Summary and Conclusions

In both the practice and literature of community economic development, conceptions of the process differ markedly. We have grouped these various conceptualizations into three general approaches (CED, CED, CED) which are distinguished primarily by the emphasis each places on the "economic", "development" or "community" aspect of the community economic development process. The three approaches are respectively oriented to "growth", "structural change" and "communalization."

The growth approach predates the term CED itself and has appeared in two major phases: smoke-stack chasing and planned growth. The former and earlier phase focuses on community boosterism to attract government attention and major employers from the private sector. The latter phase is more sophisticated and attempts to instill goals and priorities in attracting external investment.

The structural change approach to community economic development was harbingered by the co-op movement earlier in this century, but it was not until the turn of the decade into the 1980s that this approach fully emerged and replaced growth with stability as the explicit community-wide planning goal. In comparison with the growth promotion approach, the structural change approach fundamentally redefines both the economy and the community, and introduces a broader range of measures for consideration in community planning.

The third approach to CED, communalization, has much in common with what many term "community development." While people who practice this approach are strongly motivated by philosophies of what should, or in the case of Native practitioners, what did, constitute the good society, the approach is well out of the mainstream. Since the "great transformation" (Polanyi 1944) several centuries ago, when the market became the dominant social institution,

most people in modern societies have seemed to find it difficult to even imagine an orderly productive society where production and distribution is organized on any basis other than exchanges maximizing individual self-interest or dictatorial planning by the state. The communalization approach to CED purports to create an alternative form of organization. It is for many, therefore, at best an utopian ideal.

In the matrix below, we summarize our differentiations of the three approaches according to their conceptual bases, goals and strategies.

Table 1. A Comparison of the Three Approaches to CED

	CED	CED	CED
Concept of Economy	Monetary transactions	Monetary and non-monetary transactions	Markets and production/distribution based on non-market principles
Concept of Community	Locality	Home	Mutual commitment
Primary Goal	Growth of jobs, income	Stability and sustainability	Sharing and caring
Primary Strategy	Increase monetary inflows	Increase local control through structural change	Develop mutual aid institutions

The three approaches imply distinctly different roles for the planner and for the nature of the CED planning process.

The growth promotion approach implies a role for the planner of networker, deal-facilitator, and provider of information on markets, technology, and funding opportunities. The implied planning process, which the planner is to serve, is necessarily one dominated by local elites, whether in the business, labour, professional, government, or educational sectors.

The structural change approach implies for the planner all the roles implied by the growth promotion approach plus the roles of facilitator of democratic planning processes, organizer of institutions, and provider of comparative information on the wide range of structural types possible for local economies and firms.

The communalization approach implies a role for the planner which includes many of the roles implied by the structural change approach plus the role of facilitator of processes that encourage meaningful, appropriate participation by all sectors of the community, reflection on community traditions and current values, and consensual decision-making.

Since a fully developed community economy in any context must meet material needs, be stable, and be just, the priority given to each of the three

approaches discussed in this paper will vary with the condition of the community. For example, a traditional society which still has strong "sharing and caring" values may want to emphasize growth. A community weary of being at the mercy of the international economy may work toward structural change and stability. A locality where some leaders are concerned about a highly inequitable wealth distribution may well come to place emphasis on justice. The challenge for the CED planner is therefore not only to assist the community to be effective in undertaking a particular approach, but also to help it consider which approach to emphasize given its needs, goals, and prospects. The analysis presented in this paper is intended to assist in this regard.

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Appendix: National Council for Urban Economic Development

The following excerpts from a brochure produced by the National Council for Urban Economic Development (1989) illustrate the planned growth approach to CED taken by the Council. The emphasis is on growth as a goal (particularly growth in business activity) and planning as the means of attaining this goal.[16] A number of techniques are identified as being currently available to the planned growth CED practitioner.

> Shows state and local leaders how they can successfully develop and manage strategies for stimulating real economic growth in their communities. Describes how to custom-design a successful economic development program that builds on the specific strengths of each community. Explains how to identify and test successful development strategies and increase private investment in the local economy. Shows how to work with government, business and higher education leaders to create more jobs, businesses and housing [from blurb for *Managing Economic Development: A Guide to State and Local Leadership Strategies* by J.S. Luke, C. Ventgriss, B.J. Reed and C.M. Reed, 1988.]
>
> This guide identifies state and federal programs that support economic development activities. Analyzes the benefits and risks of eight categories of development activities that grew rapidly in the 1980s...business development, finance, targeted development efforts, infrastructure, cooperative research and development centers, trade, training and tax incentives. [from blurb for *The Guide to State and Federal Resources for Economic Development* by Northeast Midwest Institute, 1988.]
>
> Describes where local governments can find revenue to replace reduced federal programs. Innovative programs described in the report include pooled tax-exempt bonds, municipal bond oversells, loan guarantees, pension fund investments, using an existing loan portfolio as collateral, pooled and project-based taxable bonds, linked deposits, bank community development corporations and corporate social responsibility. ...Stresses the importance of planning for business development. [from blurb for *Financing Tools and Techniques: A Guide to Planning for Business Development*, CUED, 1987.]
>
> Outlines a general step-by-step process to guide local governments in establishing a revolving loan fund program... [from blurb on *Revolving Loan funds*, CUED, 1983.]
>
> Examines enterprise zones in seven cities, assessing the effectiveness of their marketing strategies and administrative arrangements.

[16] For a complementary illustration of the planned growth approach to CED, see the discussion and recommendations provided by the Economic Council of Canada (1990a).

These zones are considered models of how zone benefits and incentives can stimulate reinvestment, revitalization and job creation in a depressed area...Describes specific image enhancement activities including clean-up and beautification programs, public improvements, and building community awareness and support. [from blurb on *Marketing and Managing Local Enterprise Zones*, CUED, 1985.]

Details the components of a community marketing plan, including the marketing effort's scope and purpose, the community's background, and assumptions, goals, objectives and guidelines that must be established. [from blurb on *Marketing Strategies for Local Economic Development: From Design to Implementation*, CUED, 1986.]

A systematic approach to industrial development is a must these days for communities that want to be competitive... This report guides practitioners who want to develop, improve or enhance their local industrial development strategy. [from blurb on *Industrial Development*, CUED, 1988.]

This report discusses creative ways to help very small businesses and cottage industries... Describes several creative approaches to organizing and structuring a successful program. [from blurb on *Self-employment Initiatives: How to Promote and Finance Micro-Enterprises*, CUED, 1988.]

Provides background on the importance of entrepreneurship to the local economy and guidance on creating an entrepreneurial development program, in either the public or private sector. Reviews the roles and suggests possible activities for the program, analyzing common elements of success stories and detailing essential steps to planning for success. [from blurb on *Entrepreneurial Development: Formalizing the Process*, CUED, 1987.]

Describes the four roles that the public sector can play in strengthening the local venture capital process: improving information and networks, nurturing the deal flow, helping to put private capital together locally and filling financing gaps. [from blurb on *the Venture Capital Process: A Guide for Economic Development Practitioners*, CUED, 1985.]

Describes the characteristics and advantages of city-wide economic development corporations. [from blurb on *City-wide EDCs*, CUED, 1976.]

Today, many communities are seeking a regional approach to economic development to overcome local weaknesses and carve a niche in the competitive domestic and worldwide marketplace. This report...discusses the pros and cons of a coordinated multi-community the public and private sectors. [from blurb on *Regional Cooperation: Planning and Implementing a Strategy for Economic Prosperity*, CUED, 1988.)

> Answers many of the questions that cities have on strategies for coordinating the public and private resources needed for an effective economic development program. ...Chapters include: Coordination of Public Development Institutions, Comprehensive Economic Development Planning, Coordination of Community and Economic Development, Neighborhood Economic Development, and Coordination of Manpower and Economic Development. [from blurb on *Coordinated Urban Economic Development: A Case Study Analysis*, CUED, 1978.][17]

The techniques identified by the CUED fall into three categories: marketing (as in the smoke-stack chasing approach, but now with an emphasis on planned marketing programs and selectivity of targets); help in financing by structuring revolving funds, development corporations, loan guarantees, etc.; and, increasing the attractiveness of the community through tax incentives, infrastructure provision, beautification, etc.

Note that to CUED, "community" seems to be synonymous with "municipality", i.e., the formal, legal embodiment of the community, rather than with locality as it is considered in the smoke-stack chasing approach. This is because in the planned growth approach, as in the investment-seeking approach, the concept of community is of a collection of individuals aggregated within some space and whose fates are inter-connected through the market or are affected in common by state programs of assistance and control. Community economic development, as in the investment-seeking growth approach, is either done to the community by the larger state, or is a process by which the municipality stimulates investment to its territory for the assumed benefit of all.

[17]The CUED brochure also lists a publication on employee stock ownership plans. This is an anomaly in that this ESOPs does involve a redefinition of the community's relationship to the investment market. This seems to be the only case in which the CUED goes beyond a planned growth approach to CED.